

Direct Testimony

of

Phil A. Hardas

Finance Department

Financial Analysis Division

Illinois Commerce Commission

Commonwealth Edison Company

Application for Certificate of Public Convenience and Necessity

Docket No. 02-0498

March 2003

1 Q: Please state your name and business address.

2 A: My name is Phil A. Hardas. My business address is 527 East Capitol, Springfield,
3 Illinois 62701.

4 Q: What is your current position with the Illinois Commerce Commission
5 ("Commission")?

6 A: I am presently employed as a Financial Analyst with the Finance Department of the
7 Financial Analysis Division.

8 Q: Please describe your qualifications and background.

9 A: In December of 1998, I received a Bachelor of Science degree in Finance from
10 Southern Illinois University at Carbondale. In August of 2001, I received a Master of
11 Business Administration degree from the University of Illinois at Springfield. I have
12 been employed by the Commission since May 1999 as a Financial Analyst.

13 Q: Please state the purpose of your testimony in this proceeding.

14 A: On August 1, 2002, Commonwealth Edison Company ("ComEd") filed a petition for
15 an Order amending the certificate of public convenience and necessity issued by
16 the Commission in Docket No. 40703. This amendment is required to relocate a
17 portion of an existing electric transmission line in Cook County, Illinois pursuant to
18 Section 8-406 of the Illinois Public Utilities Act ("Act"). The purpose of my testimony
19 is to present my evaluation of the financial implications of the proposed construction

20 of the relocated line under Section 8-406(b)(3) of the Act.

21 Q: Please explain the requirements in Section 8-406(b)(3) of the Act.

22 A: Section 8-406(b)(3) of the Act requires that before issuing the requested certificate
23 of public convenience and necessity the Commission find that the utility is capable
24 of financing the proposed construction without significant adverse financial
25 consequences for the utility or its customers.

26 Q: Please summarize your findings.

27 A: Based on my review of ComEd's petition and the supporting documents, I believe
28 ComEd is capable of financing the proposed construction without significant
29 adverse financial consequences for the utility or its customers.

30 Q: Describe the proposed construction and estimated cost.

31 A: ComEd proposes to construct, operate and maintain a new electric transmission
32 line in Cook County, Illinois. The total estimated cost of the entire project is
33 approximately \$5.82 million. The estimated cost of the proposed construction for
34 which a Commission certificate is required is approximately \$5.70 million.¹

35 Q: Will ComEd finance the cost of the proposed construction?

36 A: Yes, ComEd will finance the proposed construction.

¹ See Schedule 2.1 (ComEd response to Staff data requests PH-1 and PH-2).

37 Q: How does the estimated cost of the proposed construction compare to ComEd's
38 existing electric utility assets and revenue?

39 A: As reported in ComEd's 2001 FERC Form No. 1, net utility plant for electric
40 operations at December 31, 2001, was \$12,249,639,359. Total utility revenue from
41 electric operations for the twelve months ended December 31, 2001, was
42 \$6,166,417,342. The total estimated cost of the entire project is approximately
43 \$5.82 million, or 0.0475% of net utility plant for electric operations and 0.0944% of
44 total utility revenue for electric operations.

45 Q: Have you assessed ComEd's ability to finance the proposed construction?

46 A: Yes. The estimated cost of the proposed construction is quite small in comparison
47 to ComEd's total utility plant and revenue for electric operations. Therefore, it is
48 reasonable to conclude that ComEd is capable of financing the proposed
49 construction without significant adverse financial consequences for the utility or its
50 customers.

51 Q: What is your recommendation?

52 A: In my judgment, the proposed transaction meets the requirements of Section 8-
53 406(b)(3) of the Act. Therefore, I recommend the Commission find that ComEd is
54 capable of financing the proposed construction without significant adverse financial
55 consequences for the utility or its customers.

56 Q: Does this conclude your direct testimony?

57 A: Yes, it does.

COMMONWEALTH EDISON COMPANY'S RESPONSES TO STAFF'S DATA REQUEST NUMBERS PH-1 AND PH-2

REQUEST NO. PH-1

The Company's petition states on page 3 that the total estimated direct cost of construction is approximately \$4.5 million in 2002 dollars, excluding right-of-way costs. Please provide the following estimates in 2002 dollars:

- (a) *total direct cost of construction*
- (b) *total indirect cost of construction*
- (c) *total right-of-way costs*
- (d) *total other costs*
- (e) *total cost of the entire project, including; direct cost of construction, indirect cost of construction, right-of-way costs, and any other costs associated with the project.*

(Response provided by John Juraska (Project Manager) and Ronald Dyslin)

RESPONSE:

a)	Total Direct Cost (Engnrg. & Constr.)	3,037,303
b)	Indirect Cost of Construction	579,614
c)	Total ROW Costs	1,565,101
d)	Total Other Costs	638,507
e)	Total Cost	5,820,525

The engineering figures represent ComEd's current engineering estimates for the work to be performed. The "other costs" include contingency costs associated with overtime, inclement weather, and unforeseen difficulties, and 34 kV distribution work.

The right-of-way costs will depend on the outcome of negotiations between landowners and ComEd. ComEd has calculated a range of likely costs pending those negotiations, and for the purposes of this estimate, ComEd is using the high end of the range. The cost of acquiring the MWRD right-of-way, although included as a single present value dollar figure in the estimate here, will actually be a stream of rental payments over a number of years. Also, note that even were ComEd not to relocate its existing lines, ComEd would need to negotiate a new lease with MWRD, and would incur a substantial amount of this cost even without this project.

REQUEST NO. PH-2 *Based on the response to PH-1 e), what is the amount, in 2002 dollars, of the total estimated cost of the entire project that is associated with the certificate sought in ICC Docket No. 02-0498.*

(Response provided by John Juraska and Constantine Petropoulos)

RESPONSE: Based on the total estimated cost shown above, the total estimated cost of the certificated project is \$5,700,525. (An estimated \$120,000 of 34 kV distribution work, which